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DEPARTMENT OF EDUCATION

34 CFR Chapter III

[Docket ID ED-2014-OSERS-0023]

Final Priority; National Institute on Disability and Rehabilitation Research--Disability and Rehabilitation Research Projects and Centers Program

[CFDA Number: 84.133A-10.]

AGENCY: Office of Special Education and Rehabilitative Services, Department of Education.

ACTION: Final priority.

SUMMARY: The Assistant Secretary for Special Education and Rehabilitative Services announces a priority under the Disability and Rehabilitation Research Projects and Centers Program administered by the National Institute on Disability and Rehabilitation Research (NIDRR).

Specifically, we announce a priority for a Disability and Rehabilitation Research Project (DRRP) on Improving Methods of Evaluating Return on Investment (ROI) for the State Vocational Rehabilitation Services Program (VR Program).

The Assistant Secretary may use this priority for competitions in fiscal year (FY) 2014 and later years. We take this action to focus research attention on an area of national need. We intend for the priority to contribute to

improved employment outcomes for individuals with disabilities.

EFFECTIVE DATE: This priority is effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

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If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Purpose of Program: The purpose of the Disability and Rehabilitation Research Projects and Centers Program is to plan and conduct research, demonstration projects, training, and related activities, including international activities, to develop methods, procedures, and rehabilitation technology that maximize the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities, especially individuals with the most significant disabilities, and to improve the effectiveness of services authorized under the

Rehabilitation Act of 1973, as amended (Rehabilitation Act).

Disability and Rehabilitation Research Projects

The purpose of NIDRR's DRDPs, which are funded through the Disability and Rehabilitation Research Projects and Centers Program, is to improve the effectiveness of services authorized under the Rehabilitation Act by developing methods, procedures, and rehabilitation technologies that advance a wide range of independent living and employment outcomes for individuals with disabilities, especially individuals with the most significant disabilities. DRDPs carry out one or more of the following types of activities, as specified and defined in 34 CFR 350.13 through 350.19: research, training, demonstration, development, utilization, dissemination, and technical assistance.

An applicant for assistance under this program must demonstrate in its application how it will address, in whole or in part, the needs of individuals with disabilities from minority backgrounds (34 CFR 350.40(a)). The approaches an applicant may take to meet this requirement are found in 34 CFR 350.40(b). Additional information on the DRDP program can be found at: <http://www2.ed.gov/programs/drrp/index.html>.

Program Authority: 29 U.S.C. 762(g) and 764(a).

Applicable Program Regulations: 34 CFR part 350.

We published a notice of proposed priority for this program in the Federal Register on May 23, 2014 (79 FR 29701). That notice contained background information and our reasons for proposing the particular priority.

There are differences between the proposed priority and this final priority as discussed in the Analysis of Comments and Changes section of this notice.

Public Comment: In response to our invitation in the notice of proposed priority, 16 parties submitted comments on the proposed priority.

Generally, we do not address technical and other minor changes.

Analysis of Comments and Changes: An analysis of the comments and of any changes in the priority since publication of the notice of proposed priority follows.

Comment: One commenter suggested that the ROI model(s) to be developed and implemented under this priority should use individual-level data, since vocational rehabilitation (VR) services are individualized and delivered to meet the specific needs of individual VR consumers. In response to the requirement in paragraph (a) that ROI "model(s) must include variables such as costs associated with individuals

who enter the agency but leave without receiving services," this commenter also stated that such a model may not adequately take into account the experiences of individuals who leave the VR system, and then return to achieve successful employment outcomes.

Discussion: With this priority we are seeking advancements in ROI models for the VR Program. Advanced models for determining ROI use individual-level data over extended periods of time. As noted by the commenter, the collection of individual-level data is particularly important when developing models related to VR services, which are individualized and delivered to meet the specific needs of individual VR consumers. Consistent with the proposed priority, paragraph (a) of the final priority specifies that ROI models must include some data which are typically collected at the individual level. These data include relevant characteristics of, and services received by, VR consumers, including the extent to which VR consumers may exit and return for subsequent services and achieve successful outcomes.

Changes: None.

Comment: Three commenters stated that ROI models should never be applied to individual VR client cases to determine

the costs and benefits of the services received by specific VR clients.

Discussion: We agree with the commenter. While data for ROI models are collected at the level of the individual VR consumer, the models to be developed and tested under this priority are aggregate models of employment outcomes achieved at the VR Program level. The purpose of the ROI models is to identify service delivery factors that facilitate employment for VR consumers with different characteristics and disability types--not to assess the costs and benefits of VR services for individual VR consumers.

Changes: None.

Comment: Four commenters expressed concerns that the ROI model(s) to be developed under this priority could be used or applied in ways that harm individuals with disabilities and the VR agencies that serve them. These concerns include the fear that (1) the results of ROI model(s) could be used to penalize State VR agencies that serve consumers in specific disability subpopulations that have greater and more expensive service needs, (2) the ROI model(s) could be used to establish cost maximums that must not be exceeded by VR agencies, and (3) widespread use of the ROI model(s)

could lead agencies to serve only those with minimal or inexpensive service needs.

Discussion: We understand and appreciate these concerns.

As noted by many of the commenters, the Rehabilitation Act requires a VR agency to first serve those individuals with the most significant disabilities if it cannot serve all eligible individuals and to provide services based on the individualized needs of eligible individuals. Using ROI findings in the ways the commenter has described would be contrary to statutory intent. All VR agencies have the responsibility to ensure that VR services are provided fairly and equitably, regardless of the disabling condition of individual consumers or the costs associated with serving them. Within the context of the requirements of the Rehabilitation Act, our intent is to support the development of more sophisticated ROI models that can systematically identify VR service delivery factors that facilitate positive employment outcomes, while taking into account the wide variation in VR consumer characteristics, service delivery experiences, and outcomes.

Changes: None.

Comment: One commenter stated that many of the benefits of VR services cannot be measured or accounted for by ROI models, including the value to communities of increased

workforce and community participation of individuals with disabilities and more positive perceptions of people with disabilities by employers and community members who do not have disabilities.

Discussion: We agree that many of the benefits of VR services are not easily quantified. Nothing in the priority precludes applicants from proposing to develop and test ROI models that include community-level outcome variables as described by the commenter. The peer review process will determine the merits of each proposal.

Although we recognize that an ROI model may not adequately reflect all potential outcome variables, we establish this priority to increase the field's ability to build ROI models with important variables for which quantifiable data are available, including receipt of VR services, costs associated with specific VR services, and the long-term employment outcomes achieved by VR consumers. By improving the methods for such ROI analysis, we aim to assess and demonstrate the impact of the VR Program on employment outcomes of individuals with disabilities and to identify promising practices that can be scaled up in VR Programs across the United States.

Changes: None.

Comment: Two commenters stated that the ROI models to be developed and tested under this priority should take into account the variation in VR Program characteristics that exist throughout the United States. One of these commenters requested that NIDRR modify the priority to require that the standards for ROI models that are developed and disseminated under paragraph (c) take this variation in VR Programs into account.

Discussion: We recognize that there is variation in the characteristics of State VR agencies, including in their VR Program administration. To address this variation, in paragraph (b) of the priority, we require that the ROI model(s) developed under paragraph (a) be tested in at least eight State VR agencies with varying program characteristics.

Changes: In addition, we have revised paragraph (c) to require that the standards developed for conducting ROI studies under this priority adequately account for the varying characteristics of VR Programs.

Comment: One commenter recommended that NIDRR modify paragraph (f) of the priority to require the advisory board to include current or former VR consumers to help ensure that ROI results are used in ways that are meaningful for the individuals served by the VR Program.

Discussion: NIDRR agrees with the commenter that current or former VR consumers should be included in the advisory board for this grant.

Changes: NIDRR has revised paragraph (f) to require the inclusion of current or former VR consumers on the advisory board.

Comment: One commenter stated that ROI models should be developed separately for programs serving blind and visually impaired individuals, relative to programs serving the broader population of individuals with disabilities.

Discussion: NIDRR does not think that separate models are necessary for agencies that serve only blind and visually impaired individuals. The model(s) to be developed under this priority will use and control for a large number of variables including disability type, severity of disability, and the VR services provided. In addition, we have revised paragraph (c) of the priority to require that the standards developed for conducting ROI studies adequately account for the varying characteristics of VR Programs. By developing models that are based on data from the full population of VR consumers with disabilities, we aim for the model(s) to identify promising practices that are associated with high-quality employment outcomes and

that can be applied and scaled up widely in VR Programs across the United States.

Changes: None.

Comment: One commenter requested that NIDRR modify the priority to require the ROI models to take the following factors into account: (1) whether consumers are placed in integrated employment settings versus sheltered settings, (2) length of employment following a VR case closure, and (3) the likelihood of employment and earnings for VR clients in the model(s).

Discussion: NIDRR agrees with the commenter that the ROI model(s) to be developed under this priority must account for the variation in the types of employment outcomes, including employment settings, as well as the wide variation in VR consumer characteristics that may affect the likelihood of a consumer obtaining employment without VR services and a consumer's long-term outcomes, such as the length of employment and wages earned. To address the commenter's proposed factors, we have modified in paragraph (a) the list of variables to be included in the ROI models being developed under this priority.

Changes: The list of variables in paragraph (a) to be included in the ROI models being developed under this priority has been expanded to add type of employment

outcome, including employment setting. In addition, in paragraph (a), length of employment and wages earned have been added as examples of long-term outcome variables and the likelihood of a consumer obtaining employment without VR services has been added as an example of a characteristic of disability subpopulations.

FINAL PRIORITY:

Improving Methods of Evaluating Return on Investment (ROI) for the State Vocational Rehabilitation (VR) Services Program.

The Assistant Secretary for Special Education and Rehabilitative Services establishes a priority for a DRRP on Improving Methods of Evaluating Return on Investment (ROI) for the State Vocational Rehabilitation Services Program (VR Program).

Under this priority, the DRRP must contribute to improving the ROI methodologies available to assess the impact of the VR Program on employment outcomes of individuals with disabilities. This includes:

(a) Developing or expanding valid, innovative, and replicable ROI model(s) for assessing the VR Program and the services it provides. These model(s) must include: variables such as costs associated with individuals who enter the agency but leave without receiving services,

costs related to specific services so VR agencies can better consider ROI when determining services that lead to better outcomes, estimates of State and Federal expenditures incurred as part of the VR Program administration and service delivery system, characteristics of disability subpopulations (e.g., disability type, severity of disability, and likelihood of obtaining employment without VR services), type of employment outcome, including the employment setting (e.g., competitive integrated employment), long-term outcomes extending years after exit from the VR Program (e.g., length of employment and wages earned), and information on general economic conditions. These models must use rigorous methods, including the use of a comparison group to determine the effect of the VR Program.

(b) Testing the model(s) in at least eight State VR agencies with varying characteristics (e.g., urban/rural, with/without waitlists) to determine its replicability, including determining what data are necessary to make the model(s) successful and evaluating the data quality and data availability in selected sites. The final number of sites must be approved by NIDRR. In carrying out this requirement, we want the successful applicant to clarify a process for ensuring access to Social Security data and

earnings data as required to assess long-term impact of the VR Program.

(c) Developing and disseminating recommended standards for conducting ROI studies of the VR Program. These standards must adequately account for the varying characteristics of VR Programs.

(d) Producing and disseminating training materials to support the VR Program in using the model(s).

(e) Making the underlying data available so others can learn from and replicate the findings, without compromising personally identifiable information. Data availability will conform to all security requirements of identified sources.

(f) Working with an advisory board made up of current or former VR consumers, as well as ROI, VR, and research methodology experts to ensure the findings are relevant, replicable, and sound.

Types of Priorities:

When inviting applications for a competition using one or more priorities, we designate the type of each priority as absolute, competitive preference, or invitational through a notice in the Federal Register. The effect of each type of priority follows:

Absolute priority: Under an absolute priority, we consider only applications that meet the priority (34 CFR 75.105(c)(3)).

Competitive preference priority: Under a competitive preference priority, we give competitive preference to an application by (1) awarding additional points, depending on the extent to which the application meets the priority (34 CFR 75.105(c)(2)(i)); or (2) selecting an application that meets the priority over an application of comparable merit that does not meet the priority (34 CFR 75.105(c)(2)(ii)).

Invitational priority: Under an invitational priority, we are particularly interested in applications that meet the priority. However, we do not give an application that meets the priority a preference over other applications (34 CFR 75.105(c)(1)).

This notice does not preclude us from proposing additional priorities, requirements, definitions, or selection criteria, subject to meeting applicable rulemaking requirements.

Note: This notice does not solicit applications. In any year in which we choose to use this priority, we invite applications through a notice in the Federal Register.

Executive Orders 12866 and 13563

Regulatory Impact Analysis

Under Executive Order 12866, the Secretary must determine whether this regulatory action is "significant" and, therefore, subject to the requirements of the Executive order and subject to review by the Office of Management and Budget (OMB). Section 3(f) of Executive Order 12866 defines a "significant regulatory action" as an action likely to result in a rule that may--

(1) Have an annual effect on the economy of \$100 million or more, or adversely affect a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities in a material way (also referred to as an "economically significant" rule);

(2) Create serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles stated in the Executive order.

This final regulatory action is not a significant regulatory action subject to review by OMB under section 3(f) of Executive Order 12866.

We have also reviewed this final regulatory action under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, Executive Order 13563 requires that an agency--

(1) Propose or adopt regulations only upon a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives and taking into account--among other things and to the extent practicable--the costs of cumulative regulations;

(3) In choosing among alternative regulatory approaches, select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including economic incentives--such as user fees or marketable permits--to encourage the desired behavior, or provide information that enables the public to make choices.

Executive Order 13563 also requires an agency "to use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible." The Office of Information and Regulatory Affairs of OMB has emphasized that these techniques may include "identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes."

We are issuing this final priority only on a reasoned determination that its benefits justify its costs. In choosing among alternative regulatory approaches, we selected those approaches that maximize net benefits. Based on the analysis that follows, the Department believes that this regulatory action is consistent with the principles in Executive Order 13563.

We also have determined that this regulatory action does not unduly interfere with State, local, and tribal governments in the exercise of their governmental functions.

In accordance with both Executive orders, the Department has assessed the potential costs and benefits, both quantitative and qualitative, of this regulatory action. The potential costs are those resulting from statutory requirements and those we have determined as necessary for administering the Department's programs and activities.

The benefits of the Disability and Rehabilitation Research Projects and Centers Program have been well established over the years, as projects similar to the one envisioned by the final priority have been completed successfully. The new DRRP will generate and promote the use of new information that is intended to improve outcomes for individuals with disabilities.

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to the program contact person listed under FOR FURTHER INFORMATION CONTACT.

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Melody Musgrove,
Director, Office of
Special Education Programs

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